

Dear Chair, Vice Chair, and Committee Members. For the record, I am Senator Johnny Ray Salling. Thank you for allowing me to speak today on behalf of this bill

The past three years have had a dramatic impact on every area of our lives. One area that has been negatively impacted is the area relating to the cost of construction materials. Contractors who had agreements with our State have been put in very serious financial straits by having the cost of their materials skyrocket overnight. In some situations, contractors are doing the job for no profit because they have had to cover the cost of increase material prices. This bill would work to provide and allow for contractors to petition to be reimbursed for the increased cost for materials when the prices dramatically rise, such as in the case of recent inflation.

While we have seen some prices start to go back down, we continue to have supply chain issues, and there is no guarantee the prices will not skyrocket again. This bill will work to allow construction contracts with the State to have a clause that provides for a way to work around the fact that there is a dramatic price increase due to events beyond a contractor's control. It allows for a request to be made to adjust the contract because of increased material cost.

The definition of what is a substantial price increase is left up the department to allow for flexibility. This bill also has precedence in that there are similar allowances at the Federal level.

I think this bill will go a long way in helping our contractors get back on track and also prevent future issues of unexpected price increases from adversely impacting our contractors. I ask for a favorable report on this bill.